

**SRS Adjustments/Adjusted Resident Related Expenses - Columns 5 & 6 - Leave blank - FOR AGENCY USE ONLY****Expense Lines**

**General:** All costs shall be reported on the designated expense lines. If all expense classifications are not addressed, report the amount on the line and in the cost center that most nearly describes the expense. For example, telephone expense is included in the Administration cost center. Therefore, the expense for telephone lines to the nurses' station shall not be reported in the Health Care cost center. See specific line instructions for more detail. **DO NOT CROSS OUT OR USE A LINE DESIGNATED FOR A PARTICULAR TYPE OF EXPENSE FOR SOME OTHER TYPE OF EXPENSE.**

The specific instructions, which follow, do not cover each line item of the expense statement, but are designed to cover items which may require additional explanation or examples.

**All Salaries - Lines - 101; 102; 103; 126; 142; 149; 154; 161; 162a, b; 163a, b, c; 171a, b, c, d, e, f; and 173a, b, c, d -** Salaries are compensation paid for personal services that were reported to the Internal Revenue Service (IRS). These lines, plus the owner/related party compensation lines, shall reconcile to your IRS 941 Report forms as adjusted by benefits or other bonuses.

Each facility must have a full time licensed administrator. Non-owner/related party administrator compensation shall be reported on line 101. Owner/related party administrator compensation shall be reported on line 107. A hospital-based long term care unit, under the jurisdiction of a hospital administrator, must report a percentage of the administrator's salary on line 101, and the salary of the staff person serving as an assistant administrator on line 102. Salaries and benefits of the administrator and co-administrator paid as central office costs shall be reported on lines 101 and 102.

Report the salaries of the Health Care Cost Center personnel on the most appropriate classification for lines 162, 163, 171, and line 173. Lines 171 a, b, c, d, e, f, are for reporting salaried employee therapists. **DO NOT REPORT CONSULTANTS ON THESE LINES.**

**Employee Benefits - Lines 104, 127, 141, and 164 -** Allocate employee benefits to the benefit lines in each cost center based on the percentage of gross salaries or the actual amount of expense incurred in each center. Employee benefits, if offered to substantially all employees may include, but are not limited to:

- 1) Employer's share of payroll taxes
- 2) State and federal unemployment contributions
- 3) Workers' compensation insurance
- 4) Group health and life insurance
- 5) Employee "non-cash" gifts
- 6) Moving/relocation expenses
- 7) Employee retirement plans
- 8) Employee parties - except alcoholic beverages
- 9) Profit sharing
- 10) Physical examinations
- 11) Malpractice insurance that specifically protects employees. This shall be specifically identified on the insurance bill from the agent.
- 12) Employee Uniforms
- 13) Employee Meals

Employee benefits shall not include:

- 1) Employee cash bonuses and/or incentive awards - these payments shall be considered additional compensation and be reported on salary lines.
- 2) Benefits given to owner/related parties but not to substantially all employees - these benefits shall be treated as additional compensation and be reported on owner/related party compensation lines.

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Employee benefits with restrictions include:

- 1) Employee benefits offered to select non-owner/related party employees shall be reported as a benefit in the cost center in which the salary is reported.

**Consultants** - Lines 106, 144, 166, and 175 through 180. Consulting fees paid to related parties are subject to the restrictions of KAR 30-10-1a and KAR 30-10-23b (c)...(d).

Report fees paid to professionally qualified non-salaried consultants. List the titles of health care consultants reported on line 180.

Medicare certified facilities that provide physical therapy, occupational therapy, speech therapy, and respiratory therapy shall submit a list of the total units of each therapy. Medicaid units of therapy shall include only those units of therapy that were not reimbursed by Medicare or other third party payers. The agency or its designee shall determine therapy offsets.

**Line 106 - Management Consultant Fees** - Report fees paid to non-related party management consultants. If the management services company is owned or controlled by the company or person (s) that own or control the facility, actual cost of the management company must be reported as central office costs and/or owner's compensation. See instructions for reporting central office costs - line 108.

**Owners and Related Party Compensation** - Lines 107, 128, 143, 165, 172 and 202 - Record the amount earned and reported to IRS for owner/related parties. In order to be allowed, the compensation must be paid within 75 days after close of the cost report period. The amount reported must be in agreement with entries made in Schedule C. Compensation may be included in allowable cost only to the extent that it represents reasonable remuneration for managerial and administrative functions, professionally qualified health care services and other services related to the operation of the nursing facility, and was rendered in connection with resident care. All compensation paid to an owner/related party shall appear on the appropriate lines above regardless of the label placed on the services rendered (See KAR 30-10-24). NOTE: Line 143 is for reporting owner/related party compensation for Dietary, Laundry and Housekeeping Services.

**"Other"** - Lines 117, 118, 138, 148, 153, 158, 170, 183, 188, 212 and 213 - "Other" or blank lines have been provided in each cost center. Types of expense entered on these lines shall be identified and be applicable to the cost center unless further restricted. Attach a schedule to the cost report if necessary. Failure to do so can cause unnecessary delay in the processing of your cost report.

**Office Supplies and Printing** - Line 105 - Report all office supplies, postage, duplicating and printing expenses on this line. The printing and duplicating of forms are considered to be an administrative expense and shall not be reported in any other cost center. The exception to this rule is medical records forms which may be reported on line 168, Nursing Supplies.

**Allocation of Central Office Costs** - Line 108 - All providers with more than one facility and pooled administrative costs shall report allocated costs on line 108. All facilities, including the central office, must use the same reporting period. Central office costs shall be reported in accordance with KAR 30-10-27. Attach a detailed schedule listing the central office costs and method of allocation to each facility. Submit a copy of the Medicare Home Office Cost Report if applicable. The same method of allocation used on the Medicare Cost Report must be used in the Medicaid Cost Report.

Allowable central office costs are subject to the following conditions:

- Only expense allocations related to Kansas facilities will be allowed.

- Purchases from related-party vendors - Costs of resident-related goods and services supplied to the central office by related parties will be allowed at the lower of the cost to the vendor or the charge to the central office;
- Costs directly attributable to a specific provider or non-provider activity must be allocated directly to the entity for which they were incurred;
- Salaries of owner/related parties - Any of these costs that are included in central office costs must be reported on line 107;
- Central office bulk purchases of adult care home supplies - These expenses may be allocated to the supplies lines in the appropriate cost centers, if the allocation method is adequately documented; and
- Direct care consultants - Costs directly applicable to the room & board and health care cost centers may be reported on the applicable consultant lines in these cost centers.

**Telephone and Other Communication - Line 109** - Report routine telephone and communications expense on this line regardless of the department or cost center benefit.

**Travel - Line 110** - Report administrative and staff travel expenses that are related to resident care. Vehicle costs must be documented by detailed expense and mileage records kept at the time of the travel activity. Estimates shall not be acceptable. Exceptions:

- 1) Long term or recurring vehicle lease expense for business purposes shall be reported on line 192.
- 2) Expenses associated with the personal use of a vehicle are not allowable unless reported within otherwise allowable limits of compensation.
- 3) Costs related to "in town" entertainment are non-allowable.
- 4) Travel expenses related to Provider board meetings are non-allowable.
- 5) Resident transportation expense shall be reported on line 182.
- 6) Vehicle maintenance and repair shall be reported in the Plant Operating Cost Center.

**Advertising - Line 111** - Report allowable advertising expense on this line. This line shall be used for employment advertisements and ads in telephone directories. Fund raising, public relations, advertising for resident utilization and sponsorships are not allowable and shall be reported on line 204.

**Licenses and Dues - Line 112** - Report allowable licenses and dues expense on this line. Refer to KAR 30-10-23a for non-reimbursable dues and membership costs. Personal automobile club memberships are not allowable unless reported as compensation.

**Accounting and Data Processing (DP) - Line 113** - Report accounting expense on this line, except fees paid to owner/related party firms or individuals which must be reported on the owners compensation line 107. Data processing expense related to financial management (i.e., accounting, payroll, budgeting, etc.) shall be reported on this line.

**Insurance - Line 114** - Report property and liability insurance expense on this line. Workers' compensation and employee health and life insurance expense shall be reported on employee benefit lines. The premium for "Key Employee" life insurance (when the corporation is made the beneficiary of the policy) is not an allowable expense, and shall be reported on line 205.

**Interest - Line 115** - Report the interest expense related to operating loans and equipment purchases. Submit copies of each new note of \$5,000 or more for the year originated.

**Legal** - Line 116 - Report allowable legal expense on this line, subject to KAR 30-10-1a, 23a, and 23b. Allowable fees paid to owner/related party firms or individuals must be reported as owner/related party compensation on line 107.

**Other** - Line 117 or 118 - Include amortization of administrative organizational and/or start-up costs. Also include resident related expenses for education of administrative staff.

**Real Estate and Personal Property Taxes** - Line 121 - Report all real and personal property taxes on this line.

**Salaries** - Line 126 - Report the hours paid and salaries of maintenance personnel who perform carpentry, mechanical, electrical, plumbing, heating, cooling and painting duties.

**Utilities Except Telephone** - Line 129 - Report expenses for gas, water, electricity, heating oil, etc. Cablevision may be considered a utility or resident activity expense.

**Maintenance & Repairs** - Line 130 - Report all maintenance and repair expenses applicable to the building, grounds, equipment and vehicles.

**Supplies** - Line 131 - Report supplies expense incidental to the operation and maintenance of the building, grounds, and equipment.

**Small Equipment** - Line 137 - Equipment purchases of \$500 to \$1,000 that were not capitalized must be expensed on this line. Equipment purchases of \$1 to \$499 may be reported in the cost center of benefit as a supply expense.

**Other** - Line 138 - Report miscellaneous expenses incidental to the operation and/or maintenance of the facility and grounds. These include but are not limited to trash hauling, snow removal and lawn care. This line shall be used for training and educational expense for employees with salaries reported in the Plant Operating Cost Center.

**Employee Benefits** - Line 141 - Report total employee benefits associated with Dietary, Laundry and Housekeeping salaries.

**Food** - Line 145 - Report all food costs. Nutritional supplements are to be included on line 168. The provider shall be required to keep records on the total number of meals served to residents, employees, guests, and outside programs. If the food expense for the employees, guests, and outside programs is included in the MS-2004 expenses, the expense should be offset against the dietary cost center as follows:

- A. Line 141 - Dietary Portion Employee Benefits
- Line 142 - Dietary Salaries
- Line 143 - Dietary Owner/Related Party Compensation
- Line 144 - Dietary Consultant
- Line 145 - Food
- Line 146 - Dietary Supplies
- Line 148 - Other

Total Dietary Cost + Total Number of Meals Served = Cost Per Meal

- B. Cost per meal x number of meals served to employees, guests, and outside programs = amount of offset

- C. The cost of free employee meals shall be allocated and reported on employee benefit lines. If employees pay less than the cost for a meal, the difference between the meal revenue and cost may be reported as an employee benefit.

**Supplies (Dietary) - Line 146** - Report supplies expense directly related to the preparation and service of food to the residents unless further restricted by another expense line (i.e., printed menus are reported on line 105 - Office Supplies and Printing). Examples include but are not limited to paper goods, kitchen utensils, etc.

**Other (Dietary) - Line 148** - Report and specify miscellaneous expenses directly related to the preparation and service of food to the residents unless restricted by another expense line (i.e., all repairs and maintenance are plant operating costs). Dietary-related education and training expenses for employees whose salaries are reported on Line 142 - Dietary Salaries are also included on this line.

**Linen and Bedding Material - Line 150** - Report linen and bedding material expenses on this line.

**Laundry and Linen Supplies - Line 151** - Report all supplies expense directly related to laundry and linen services for the residents, unless restricted by another line.

**Other (Laundry) - Line 153** - Report all other expenses directly related to laundry and linen services for the residents unless restricted by another line. Report laundry related education and training expenses for employees reported in laundry salaries.

**Salaries (Housekeeping) - Line 154** - Report the hours paid and salaries of housekeeping and janitorial staff involved in floor care and in cleaning of the building.

**Supplies (Housekeeping) - Line 155** - Report all supplies expense related to keeping the building clean and sanitary. Floor care supplies shall be expensed on this line.

**Other (Housekeeping) - Line 158** - Report (and specify) miscellaneous expenses directly related to the provision of housekeeping for the facility, unless restricted by another expense line. Pest extermination may be expensed on this line or in the Plant Operating cost center. Housekeeping-related education and training expenses for employees whose salaries are reported on Line 154-Salaries (Housekeeping) are also included on this line.

**Aides - Lines 163a,b,c** - Record the hours paid and salaries of aides involved in direct resident care, on the line that most appropriately defines their classification.

**Purchased Services - Line 167** - This line shall be used to report all health related contract labor or other services.

**Nursing Supplies - Line 168** - Report expenses of all routine supplies directly related to the provision of nursing and/or health related services for residents, unless further restricted by another expense line. Medical records forms may be expensed on this line. Nutritional supplements shall be reported on this line.

**Therapy Salaries - Lines 171a,b,c,d,e,f** - Report the hours paid and salaries of therapists who are directly involved in providing health care. Note: In Medicare certified facilities, physical, occupational, speech, and respiratory therapy salaries are subject to the same restrictions as therapy consultants. Ref. Consultants, page 6.

**Resident Activities/Social Worker/Medical Records/Other Salaries - Lines 173a,b,c,d** - Report the hours paid and salaries on the appropriate line for these classifications. Specify the job classification of other health care salaries.

**Resident Activity Supplies - Line 174** - Report the supplies expense involved in providing resident activities. This does not include the cost of newsletters.

**Consultants - Lines 175-180** - Record the fees paid to consultants on the appropriate lines. Skilled nursing facilities that bill therapy service directly to Medicare shall submit a list showing the Total units of the therapy for all residents and the Total units for Medicaid residents.

**Nursing Aide Training - Line 181a** - Report the costs of fees, tuition, books, etc. for education or training seminars provided to aides with salaries reported on lines 163a,b,c. Travel, lodging and meals associated with the education/seminars may be reported on this line.

**Other Health Care Training - Line 181b** - Report the costs of fees, tuitions, books, etc., for education or training seminars to employees, except nurse aides reported on line 163, with salaries reported in the Health Care cost center. Travel, lodging and meals associated with the education/seminars may be reported on this line.

**Resident Transportation - Line 182** - Report resident transportation expense incurred for non-emergency medical, shopping, activities, etc., in which the residents are the primary passengers. Trip logs must be kept to document the expense. **Do not include vehicle lease, interest, depreciation, insurance or other expense restricted to another expense line.**

Acceptable methods of allocating cost to line 182, Resident Transportation are as follows:

- 1) Allocated at a set rate per mile. The rate would be determined by dividing total vehicle expense, not restricted to another expense line, by the total miles. The IRS allowed rate per mile is not acceptable because it includes factors for depreciation, insurance and repairs.

- 2) Allocated directly per the following formula:

$$\frac{\text{Resident Travel Miles}}{\text{Total Miles}} \times \frac{\text{Total Vehicle Expenses not Restricted to Another Expense Line}}{\text{Total Miles}} = \text{Resident Travel Expense}$$

- 3) If private vehicles are used to transport residents, the entire amount of the reimbursement paid to the employee for use of the vehicle is allowable as Resident Transportation. The rate of reimbursement must, however, be reasonable.

**Total Rate Formula Costs - Line 190** - Enter the sum of the totals in the Administration, Plant Operating, Room and Board, and Health Care cost centers.

**Interest on Real Estate Mortgage - Line 191** - Report all interest expense incurred for the acquisition or construction of real estate. Describe fully on Schedule D. Include amortization expense for loan costs. The interest for equipment and furnishings purchased along with the building shall be reported on this line.

**Rent or Lease Expense - Line 192** - Report all recurring rent and lease expense regardless of the item and use except therapeutic beds which are non-allowable or computer software lease expense which can be reported in the cost center of benefit or line 113, Legal, Accounting and Data Processing.

**Amortization of Leasehold Improvement - Line 193** - Report only amortization of leasehold improvements on this line. Leasehold improvements are defined as betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

**Depreciation Expense - Line 194** - This amount must be computed by the straight-line method. Such amounts must be reconciled to a detailed depreciation schedule. The determination of capitalized property must be in conformity with Generally Accepted Accounting Principles. If an item or related items purchased in bulk (beds, chairs, tables, etc.) exceed a cost of \$1,000, they shall be capitalized. Attach a detailed depreciation schedule to the cost report.

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**Non-Reimbursable & Non-Resident Related Items**

**General:** Lines 200-214 - Provider adjustments must be made in column 3 that offset column 2 expenses in total. Column 4 will show zero expenses.

**Fund Raising/Public Relations/Advertising for Resident Utilization - Line 204-** Include non-allowable advertising expenses. See Line 111 - Advertising.

**Oxygen Purchases & Supplies - Line 206 -** Billing for reimbursement of oxygen, cylinder rental and allowable supplies is to be done by the oxygen supplier to the fiscal agent. Homes with a central supply are to bill the fiscal agent directly.

**Drugs (Pharmaceuticals) - Line 207 -** Report expenses for prescription drugs and other items not covered as a routine item in KAR 30-10-15a.

**Resident Purchases - Line 210 -** Report the expense for items purchased for residents but not listed as routine services or supplies in KAR 30-10-15a.

**SCHEDULE B - EXPENSE RECONCILIATION**

**General:** This schedule shall be used to reconcile the expenses reported on the Nursing Facility Financial and Statistical Report (Form MS-2004) to the provider's financial books and federal tax return.

**Books - Column 1 -** Reflect the expenses as they appear in the general ledger or other financial records.

**Federal Tax Return - Column 2 -** Reflect the expenses as they appear on the federal tax return.

**Cost Report - Column 3 -** Reflect the expenses as they were reported on the cost report the Expense Statement, Schedule A.

**Total Expenses Per Books - Line 231 -** Record the total expenses per the general ledger or other financial records in Column 1.

**Total Expenses Per Federal Tax Return - Line 232 -** Record total expenses from tax return in Column 2.

**Total Expenses Per Cost Report - Line 233 -** Enter total expenses from the Expense Statement, Schedule A (Column 2 line 215) in Column 3.

**Expenses on Books or Federal Tax Return Not on Cost Report - Lines 234 & 235 -** Itemize each expense reflected in the books or federal tax return and not included in the cost report. These expenses should be recorded in the appropriate column under books and/or federal tax return as an offset to the total expense in that column. Use an additional schedule if necessary to list expenses.

**Expenses on Cost Report Not on Books or Federal Tax Return - Lines 237 & 238 -** Itemize the expense reflected in the cost report but not in the total from the books or tax return. These items should be offset to the total expense in Column 3 - Cost Report. Use an additional schedule if necessary.

**Totals - Line 240 -** The differences between the totals per lines 231 (books), 232 (federal tax return) and 233 (cost report) less the negative adjustments in lines 234 - 238 in each of the three columns shall be entered on line 240. The adjusted totals per the books, federal tax return and cost report shall agree after the applicable offsets to the total expenses reported.

**Nursing Facilities Attached to Hospitals:** A nursing facility that is attached or associated with a hospital and shares expenditures shall submit the cost report (MS-2004), census sheets (AU-3902), and the following Medicare schedules: W/S A, A-6, A-8, B Part I and B-1. Also include the working trial balance that includes both the hospital and the long-term unit.

A "step-down process" will be run using the statistical information from W/S B-1 and the net expenses for cost allocation from Column 0 on W/S B Part 1. This will provide the indirect long-term care unit costs. Based on the long term care cost to net expense ratio, each department cost will be allocated to the appropriate line of the cost report. The total cost reported on the cost report should equal the long-term care total, Column 25, on W/S B Part 1.

**Working Trial Balance:** The working trial balance should reflect how the costs on the books are reported on the Nursing Facility Financial and Statistical Report. This detailed reconciliation also applies to providers who use a different fiscal year end for IRS but are reporting on the required calendar year end, beginning in 1991, for Medicaid rate setting purposes.

## SCHEDULE C - STATEMENT OF OWNERS AND RELATED PARTIES

**General:** List all owners of the provider entity with 5% or more ownership interest and all related parties (KAR 30-10-24). Fill out Schedule C completely and accurately. Attach an additional schedule if more explanation or space is needed. Providers shall base all allocations on reasonable factual information and make the information available on request. Such information shall include details of dates, hours worked, nature of work performed, how it relates to resident care and the prevailing wage rates for such activities.

ENTER - Name, Social Security Number and Address

Column (1) - % of ownership (if applicable) or state the relationship to owner

Column (2) - % of time devoted to this facility per customary workweek

Column (3) - Total salaries, drawings, consulting fees, and other payments to owners and related parties as defined in KAR 30-10-1a and KAR 30-10-24.

Column (4) - List the titles, functions or descriptions of the jobs performed or transactions made with all owners and related parties. The job titles should correspond with those included in the Owner/Related Party Salary Chart prepared by SRS (please refer to KAR 30-10-24).

Column (5) - Enter the distribution by cost report line item of the total compensation incurred for all job functions. Owner/related party compensation shall be reported on the owner compensation expense line (107, 128, 143, 165, 172 and 202) in Schedule A.

**Totals** - The total compensation in Column 3 and Column 5 should agree. These two totals should also agree with the total of lines 107, 128, 143, 165, 172 and 202 Schedule A.



## SCHEDULE D - STATEMENT RELATED TO INTEREST ON ALL BONDS, LOANS, NOTES, AND MORTGAGES PAYABLE

**Note:** Please submit copies of loan agreements and amortization schedules with this cost report for all loans of \$5,000 or more. Failure to document interest expense is cause for disallowance. (KAR 30-10-15b). Schedules need to be submitted for related party loans showing the interest paid, check numbers and dates.

**Column (1)** - Enter the original date and duration of the loan in months.

**Column (2)** - Enter the interest rate. If it is a variable rate, provide the range of the interest rates for the cost report period.

**Column (3)** - Enter the amount of the loan.

**Column (4)** - Enter the unpaid principal balance at the end of the cost report period. The total of Column 4, Line 311, must agree with the Balance Sheet, Schedule E.

**Column (5)** - Enter the total amount of interest and principal payments made during the cost report year.

**Column (6)** - Enter the total amount of interest incurred during the cost report year. The total of Column 6, Line 311 must agree with the total interest reported on Schedule A, Lines 115 and 191.

**Lines 301 - 306** - Enter each lender's name, address and the items financed. Place a check in the appropriate box for interest expense reported on line 115 or line 191 of Schedule A. If interest expense on a loan is prorated to both lines, show the breakdown.

**Line 311** - Enter the totals of Column 4 - Unpaid Balance and Column 6 - Interest Expense, for Lines 301-306 as reported on lines 115 and 191 in Schedule A.

## SCHEDULE E - BALANCE SHEET

**General:** The balance sheet should be prepared from the books of the specific facility for which the cost report is filed. In other words, chain units should report only those balance sheet accounts that relate to the particular facility for which the cost report applies. Subject to the above, the balance sheet must be prepared in conformity with Generally Accepted Accounting Principles. Report all ownership claims that are customarily used by your particular type of entity. A partial listing of these accounts by type of entity follows:

Individual Proprietor .....	Owner's Capital
Partnership .....	Partner's Capital Accounts
Not-For-Profit Entities .....	Fund Balance
Corporation .....	Common Stock, Additional Paid in Capital, Retained Earnings
Chain Unit - All Chain Units .....	Central or Home Office Account
(regardless of type of ownership)	

**NOTE:** Beginning of period account balances shall be reported for providers allowed to submit projected cost reports.

**Lines 355, 356, 357, & 373** - If the amount reported exceeds \$10,000, attach a schedule showing the details.

**SCHEDULE F - RECONCILIATION OF BEGINNING  
AND ENDING RESIDUAL BALANCES**

**General:** This schedule explains the change in owner's equity or the fund balance from the beginning to the end of the cost reporting period.

**Beginning Balance**

**Line 401** - Enter the beginning owner's equity or fund balance. This is the total of Column 2 lines 377-379 in the Balance Sheet, Schedule E.

**Increase to Owner's Equity or Fund Balance**

**Line 402** - Enter total revenue from Schedule G, Column 1, Line 449.

**Line 403** - Enter the total of cash or other assets transferred or contributed by the owners.

**Line 404** - Enter the total of cash or other assets transferred or contributed by the central office.

**Line 405** - Enter the proceeds from the sale of common stock.

**Line 406 & 407** - Enter and specify all other transactions which increase the residual owner equity or fund balance accounts.

**Line 408** - Enter the total of Lines 402-407.

**Decreases to Owner's Equity or Fund Balance**

**Line 411** - Enter the total expenses per Schedule A, Column 2, Line 215.

**Line 412** - Enter total of cash or other assets withdrawn by the owners but not reported in the Expense Statement, Schedule A.

**Line 413** - Enter total cash or other assets withdrawn by the central office.

**Line 414** - Enter the total of duly declared dividends paid to stockholders.

**Line 415** - Enter the depreciation expense in excess of the straight line method unless reflected as a negative adjustment in Schedule A, Line 194, Column 3.

**Line 416 & 417** - Enter and specify all other transactions which decrease the residual owner equity or fund balance accounts.

**Line 418** - Enter the totals of Lines 411-417.

**Ending Balance**

**Line 419** - Enter the net of adding lines 401 and 408 and subtracting line 418. The balance at the end of the period (line 419) should equal the total of Column 4, lines 377-379 in the Balance Sheet, Schedule E.

**SCHEDULE G - REVENUE STATEMENT**

**Column 1** - Enter the revenues from the general ledger accounts on the appropriate lines. Revenues from services not designated on this schedule must be identified and reported on lines 447 and 448. The amount of the total revenue entered on line 449, Column 1 must also be entered on line 402, Beginning and Ending Residual Balances Reconciliation, Schedule F.

**Column 2** - Enter the amount of the offset to the appropriate expense accounts. **Note the Following:** The amount of the offset should be the cost of reimbursable expenses. Non-reimbursable items (i.e., Beauty & Barber, Vending) are offset at cost.

**Column 3** - Enter the line number of the expense reported on the Expense Statement, Schedule A, against which the offset has been made. The amount of the offset must be entered in Column 3, Provider Adjustments, on the Expense Statement, Schedule A.

**Line 437** - Routine Nursing supplies sold to private pay residents.

- (1) There is no offset required for routine items covered under KAR 30-10-15a that are sold to private pay residents; and
- (2) None of the items covered under KAR 30-10-15a can be sold to Medicaid residents.

**Line 440** - Resident Purchases/Non Routine Items Sold - Enter the total of all reimbursements for personal purchases not designated as routine items in KAR 30-10-15a.

**Line 446** - Day Care/Treatment Income - Enter total revenue from all sources for day care, day treatment and respite care programs.

**SCHEDULE H - STATEMENT OF RELATED ADULT CARE HOME INFORMATION**

**General:** All Kansas facilities operated by common ownership or related parties shall be listed. Common ownership and related parties are defined in KAR 30-10-1a. Additional schedules shall be attached as necessary.

**SCHEDULE I - FIXED ASSETS, DEPRECIATION  
AND AMORTIZATION QUESTIONNAIRE**

**General:** Each question shall be answered completely and accurately.

**Lines 482-489** - Complex Capital Structures:

Attach a complete explanation of the ownership/management structure of the nursing facility including owners with 5% or more interest in the property and/or business, related parties as defined in KAR 30-10-1a, and all relevant contracts, leases, and assignments. This information must be accurate and comprehensive enough to present a true and clear account of the ownership and control of the adult care home.

**Line 491** - If the facility is leased, a copy of the original lease agreement and subsequent amendments and/or agreements shall be submitted and on file with the agency. A provider making payments under Industrial Revenue Bonds with a nominal purchase upon maturity shall report the cost of ownership versus lease expense.

**Line 494** - A new provider which purchases a facility shall submit a copy of the loan agreement(s), and any other pertinent information concerning the transaction.

**Line 495** - Submit a copy of the detailed depreciation schedule with the cost report. Each asset shall be listed with the cost, date of purchase, life, salvage value, accumulated depreciation expense and current depreciation expense. Depreciation must be computed using the STRAIGHT LINE method. If the provider has filed a detailed depreciation schedule with the agency, an annual submission of addition and deletion schedules and a summary of depreciation expense is permissible.

### SCHEDULE J - EMPLOYEE TURN OVER REPORT

**Column 2** - Show the total number of employees at the beginning of the cost report period for each classification.

**Column 3** - Show the total number of employees hired during the cost report period for each classification.

**Column 4** - Show the total number of employees who ended employment during the cost report period for each classification.

**Column 5** - Show the total number of employees at the end of the cost report period for each salary classification.

**Column 6** - From the total number of employees listed in column 5, show how many are full-time and how many are part-time.

The number of employees listed in column 2, plus the number of employees listed in Column 3, less the number of employees reflected in Column 4, should equal Column 5. Please explain any discrepancy. The W-2's are an excellent source of information for the calendar year end cost report.

### ATTENTION

Please make sure that all required documents are submitted with the cost reports. Review the list of questions following Schedule J in the Cost Report.

### DECLARATION STATEMENT

**Declaration by Owner, Partner, or Officer of the Corporation, City or County which is the Provider:** The cost report is not considered complete unless signed by an owner or authorized agent of the facility and/or business and the preparer. If the facility/business owner and the preparer are the same individual, please sign both spaces. Print the names of the owner/authorized agent and preparer in the space provided. PLEASE READ DECLARATION STATEMENT.

**Line 48:** **Total Resident Days** - The total number of resident days shall be determined in accordance with KAR 30-10-28. A resident day means that period of service rendered to a resident between the census-taking hours on two successive days and all other days for which the provider receives payment, either full or partial, for any Medicaid/MediKan or non-Medicaid/MediKan resident who was not in the facility (KAR 30-10-1a). If both the admission and discharge occur on the same day, it shall count as a resident day. If the provider does not make refunds on behalf of a resident for unused days in the case of death or discharge, and if the bed is available and actually used by another resident, these unused days shall not be counted as a resident day. Any bed days paid for the resident before an admission date shall not be counted as a resident day. The total resident day count for the cost report period shall be accurate. An estimate of the days of care provided shall not be acceptable. The total resident days must agree with the 12 month total as submitted on the Form AU-3902.

Day care and day treatment shall be counted as one resident day for 18 hours of service. The recipients of day care/treatment shall be listed on the monthly census summary (AU-3902) with the number of hours reflected on the appropriate day column.

**Occupancy Percentage:** Agency staff will determine this percentage.

**Line 48a:** **Total Medicaid/Medikan Days** - Enter the total number of Medicaid/Medikan days reported on the AU-3902's. Partial, as well as full paid days must be included (please refer to KAR 30-10-28).

**Line 48b:** **Total Medicare Days** - Enter the total Medicare days in the report period.

**Line 51:** If the provider is a publicly held entity, provide annual reports and Form 10-K.

**Line 52:** Check the appropriate box regarding Medicare certified beds.

**Line 53:** Please indicate if the facility is a hospital based long term care (LTC) facility or a free standing facility.

## SCHEDULE A - EXPENSE STATEMENT

Attach a copy of the working trial balance used to prepare the cost report.

**Total Annual Hours Paid - Column 1** - Enter the total hours paid to the employees on each of the salary lines for the reporting period. Employees shall be reported on the appropriate salary line for their position classification.

**Per Books or Federal Tax Return - Column 2** - Report the expenses reflected in the accounting records under the appropriate cost center (i.e., Administration, Plant Operating, Room and Board, Health Care, Ownership and Non-Reimbursable). The total of all the expense lines (Column 1 - Line 215) shall reconcile to the income tax return and/or the accounting records.

**Provider Adjustments - Column 3** - Enter the necessary adjustments to the expenses reported in Column 2 that are not resident-related according to the regulations and/or offset expense recoveries reported in the Revenue Statement, Schedule G. Attach a schedule if necessary.

**Resident Related Expense - Column 4** - Enter the difference between Column 2 and Column 3. Please complete Column 4 even if no adjustments were made in Column 3, except for lines 200 through 214.

## COST REPORT INSTRUCTIONS

## COVER PAGE

## PROVIDER IDENTIFICATION:

Lines 11-19: Complete these lines as indicated on the report form.

Lines 21-25: Check only one box.

Line 21 Check if the cost data is for the calendar year report period and does not include any portion of a projection period.

Line 22 Applies to projected cost reports for new providers that are not occupying a newly constructed facility.

Line 23 Applies only to projected cost reports related to newly constructed facilities. If a provider occupies a newly constructed facility they should check this box.

Line 24 Applies only to providers filing historical cost reports for the same period as their projection year.

Line 25 Applies only to providers in the process of converting from the projection period to the calendar year and the report period includes a portion of the projection period.

Lines 26-32: Check only one box. Check the type of business organization which most accurately describes your provider status or explain on line 32, Other.

## FACILITY BEDS:

Lines 41-45: Enter the number of licensed beds for the applicable category listed. Explain the category of beds if line 44, Other, is used. If a change in the number of beds has occurred during the reporting period, show the increase or (decrease) and the date of the change. Total the categories on line 45. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

Line 46: **Total Bed Days** - If the number of beds throughout the year has not changed, the total number of bed days is computed by multiplying the number of beds times 365 (366 in leap years). If the number of beds change during the period, compute as shown in the example below:

Assume a home of 20 beds was increased on July 1 to 25 beds, the number of bed days for the period would be determined as follows:

January 1 to June 30 - 181 days x 20 beds = 3,620 bed days  
 July 1 to December 31- 184 days x 25 beds = 4,600 bed days  
8,220 bed days for period

4. DO NOT cross out or retile lines on the forms. DO NOT include more than one amount per line. If more than one amount or journal entry is combined, submit an attachment with explanation.
5. Enter the six (6) digit SRS provider number on page 1 and in the blank space provided at the top of each schedule. The six (6) digit provider number assigned by SRS begins with a 4. DO NOT use your federal number assigned by the Department of Health and Environment.
6. Use the accrual method of accounting in reporting financial data. Revenues are reported in the period when earned, and not when received, and expenses are reported when incurred, not when paid.
7. Estimates of revenues and expenses are not acceptable.
8. All cost reports, historical or projected, must be for a period of 12 consecutive months except as provided in KAR 30-10-17. Providers who filed a projected cost report must file a historical report for the projection period and a historical report for the first calendar year following the end of the projection period.
9. All calendar year cost reports shall be received by the agency no later than the close of business on the last working day of February. All other historical cost reports covering a projection status period shall be received by the agency no later than the close of business on the last working day of the second month after the reporting period ends. The provider may request a one month extension of the due date by submitting the request in writing to the address in the submittal instructions within the time period allowed for filing the original cost report. The extension will be granted if the agency determines that the provider has shown good cause. NOTE: IF A COST REPORT IS RECEIVED AFTER THE DUE DATE WITHOUT AN APPROVED TIME EXTENSION, THE PROVIDER IS SUBJECT TO THE PENALTIES SPECIFIED IN KAR 30-10-17.
10. Each nursing facility must maintain adequate accounting and/or statistical records. Inadequate recordkeeping is cause for suspension of payments. KAR 30-10-15b.
11. Reimbursement rates (per diem) for nursing facilities: The per diem rate of reimbursement for those facilities participating in the Medicaid/Medikan program is based on the reported costs and resident days as adjusted by a desk review of the cost report and payment limitations. Each cost report is also subject to a field audit to arrive at a final settlement for the period upon which the per diem rate was based.
12. KANSAS ADMINISTRATIVE REGULATIONS: Copies of the regulations governing nursing facility Medicaid/Medikan reimbursement may be obtained at a cost by sending a request to the Department of Social and Rehabilitation Services to the address given in the submittal instructions. NOTE: SINCE THE REGULATIONS MAY BE CHANGED, THE PREPARER OF THE COST REPORT SHOULD CAREFULLY REVIEW THE MOST RECENT VERSION PRIOR TO COMPLETING THE FORM MS-2004 FOR SUBMISSION.

State of Kansas  
Department of Social & Rehabilitation Services  
Adult and Medical Services

INSTRUCTIONS FOR COMPLETING  
THE NURSING FACILITY  
FINANCIAL AND STATISTICAL REPORT  
(FORM MS-2004)

PURPOSE

The purpose of this report is to obtain the resident-related costs incurred by nursing facilities in providing services according to applicable state and federal laws, regulations, and quality and safety standards. The regulations governing the completion of this report and nursing facility reimbursement can be found in the Kansas Administrative Regulations, Chapter 30, Part 10.

SUBMITTAL INSTRUCTIONS

1. One blank Form MS-2004, Nursing Facility Financial and Statistical Report, is sent by the Income Support/Medical Services Commission to each nursing facility in the Medicaid/MediKan Program before the end of the home's reporting period.
2. Send two copies of the completed form MS-2004 and one copy of the form AU-3902 (Census Summary) for each month of the reporting period to the following address:

Nursing Facility Reimbursement  
Adult and Medical Services Commission  
Department of Social & Rehabilitation Services  
Docking State Office Building  
6th Floor, Rm 628S  
915 S.W. Harrison  
Topeka, Kansas 66612-1570

Attention: Administrator, Nursing Facility Reimbursement

3. All inquires on completion of these forms should be directed to the Administrator, Nursing Facility Reimbursement, Income Support/Medical Services Commission, at (913) 296-0703.

GENERAL

1. Complete the forms accurately and legibly. Any report that is incomplete or is not legible will be promptly returned to the provider.
2. All amounts must be rounded to the nearest dollar and sum to the total.
3. DO NOT add lines to the forms. Use "OTHER" lines for resident-related expenses not designated on the Expense Statement, Schedule A. Attach a schedule if necessary.